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An Evaluation of the Quality Discount Schedule Used by Grain  
Purchasers in New York and Pennsylvania

by

Lana L. Hall  
Assistant Professor  
Department of Agricultural Economics

The results of the survey of grain purchasers' discounting practices for the various quality factors reported here were obtained as a part of research conducted under North-Central Regional Research Project, NC-151, Marketing and Delivery of Quality Cereals and Oilseeds in Domestic and Foreign Markets.

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## INTRODUCTION

The quality of grain that moves through marketing channels is an important pricing consideration to both the producers of grain and the purchasers of grain--be they flour millers, feed manufacturers or wet corn millers. Since different purchasers have different quality needs, to get the quality of grain desired, they may discount the price they are willing to pay for grain with certain quality factors, such as moisture content, test weight or foreign material, which above or below a certain level, are undesirable. The level of discounts offered affects then the price the farmer can get for his grain delivery of a given quality.

This paper reports the results of a recent (Summer 1979) survey conducted of 88 grain purchasers in New York and Pennsylvania. Results showed that the soft white and soft red wheats, corn and oats were grains most commonly discounted for quality variations. The discounting practices of the different purchasers were compared by translating their discounts for quality factors to a cash basis using No. 2 grain prices prevailing in mid-1979.

The tables of the consolidated discounts offered are found after the corresponding text for each grain. These tables show the marginal discounts for each marginal decline in quality for a given factor. For example, the table of moisture discounts for soft white wheat shows the various price deductions, in cents per bushel, applied to each one-half percent of moisture above 13.5%. The notation found above some of these discounts denotes the  $4.3\text{¢}^{12/}$  number of purchasers who levy the same monetary penalty. For example,  $4.3\text{¢}^{12/}$  symbolizes that there are twelve purchasers that discount 4.3¢ per bushel of grain for that level of quality in a certain grain factor. Unless otherwise indicated, a cents per bushel discount shown without a number superscript indicates that the discount was applied by a single purchaser. Moisture discounts are determined for each 1/2% moisture content above a given level and test weight discounts are levied for each pound under a certain level. The percent content of foreign matter affects the foreign material discount while the percent of damaged grain determines the discounts levied for damage.

## WHEAT

Of the fifty-three wheat purchasers surveyed in New York and Pennsylvania, forty-seven use discount schedules for determining the price paid for the wheat. Forty-two of these firms sent their discount schedules for wheat.

There are several kinds of wheat that must be discussed separately because of their different characteristics which result in different market prices and different end products. Durum and the hard spring wheat used to make bread, bakery flour, and all purpose flour, are not grown in this region and are

purchased by the large mills that have the wheat sent in on rails from Minneapolis. Hard spring wheat is purchased by General Mills, Seaboard Milling, Peavey, and Pillsbury from middlemen under Grade No. 2 specification.

Hard white wheat is grown to some extent in New York and Pennsylvania but was purchased by only three of the firms surveyed. Two of the firms are country elevators. Hard red wheat is also produced in this region but was purchased by only six of the firms surveyed.

The main types of wheat found in this region are the low protein soft white wheat and soft red winter wheat and only the discount schedules applied to these types of wheat are reported here. Of the firms supplying discount schedules, twenty-four purchase soft white wheat. Two of the purchasers are country elevators and one purchaser produces shredded wheat and crackers. Most of the purchasers manufacture pastry flour with this wheat for use in cakes, pies, snack foods, and pancake mixes. Millfeed is another product of soft white wheat. Two-thirds of the soft white wheat purchases are from New York; the other one-third is from Pennsylvania.

Twenty-four purchasers of soft red winter wheat supplied discount schedules. This wheat is used to manufacture pastry flour for cakes, pies, snack foods, pancakes, and cereals and pretzels. Millfeed is also a product of soft red winter wheat. Only one-eighth of the purchases of soft red winter wheat is from New York, the other seven-eighths are from Pennsylvania.

All forty-two purchasers of wheat discount for moisture. Discounts begin within the range of 12.5%-15.5% moisture, twenty-nine of the forty-two purchasers discount for moisture above 13.5%.

Seventeen of the forty-two purchasers use shrinkage as a basis for discounts. Sixteen of the seventeen firms that use shrinkage shrink 1% for each 1/2% moisture for at least the first few moisture levels.

Eleven of these forty-two purchasers have both a shrinkage and drying charge, with shrinkages ranging from .50%-1.10%. Four of these eleven businesses use .65% shrink for each 1/2% moisture and three use 1% shrink for each 1/2% moisture. The drying charges range from 1¢-10¢/bu. for each 1/2% moisture. The initial drying charges range from 3.5¢-10¢/bu. for each 1/2% moisture with succeeding charges dropping to a range of 1¢-5¢/bu.

Another thirteen of these forty-two purchasers use a straight cash discount for excess moisture. These discounts range from 1¢-10¢/bu. for each 1/2% moisture. Initial discounts are generally higher than for the succeeding levels of moisture.

Overall, the discounts for soft white wheat are very similar to that of soft red winter wheat. Both wheats are usually discounted at moisture levels above 13.5% with purchasers of soft white wheat generally placing their moisture limits at lower levels. Most of the soft white wheat purchasers discount within the range of 13.6%-17.5% moisture while most of the soft red winter wheat purchasers discount within the range of 13.6%-19.0% moisture. Initial discounts for soft white wheat range from 2.8¢-12.2¢/bu. for each 1/2% of moisture while initial

charges for soft red winter wheat range from 2¢-16.6¢/bu. for each 1/2% of moisture. Succeeding discounts for white wheat drop to a range of 3.2¢-7.2¢/bu. while those of red wheat drop to a range of 2¢-6.8¢/bu.

Thirty-two of the forty-two purchasers have discount schedules for test weight. Most discount within the range of 57.9-54.0 lbs. for both types of wheat although the value of these discounts are different. Discounts for soft white wheat range from 1¢-5¢/bu. for each pound under limit. These discounts remain fairly constant as the test weight decreases. On the other hand, the discount schedules for soft red winter wheat vary as the test weight decreases, ranging from 1¢-17.6¢/bu. for each pound under.

Purchasers also provide premiums for above standard test weights. Five purchasers of white wheat provide 1¢/bu. premiums for test weights above 60 lbs. Five purchasers of soft red winter wheat also provide premiums that range 1¢-3¢/bu.

Twenty-one of the forty-two purchasers discount for damaged wheat. All discounts begin above 4%, with the range of most discount schedules being between 4% and 10% damage. The discounts for soft red winter wheat are either 1¢ or 2¢/bu. for each percent of damage above 4%. The discounts for soft white wheat range from 1/2¢-3¢/bu. for each percent of damage above 4%.

Garlic content is another problem that is considered by thirty-two of the forty-two purchasers. Because garlic is grown alongside the wheat crop, garlic bulbets are often mixed with the harvested wheat. If the garlic is not separated, the flour will have an undesirable smell and taste. Twelve of these purchasers reject all loads containing garlic while twelve provide cash discounts. Cash discounts range from 5¢-60¢/bu. with these discounts increasing according to the number of bulbets per sample. Upper limits for acceptable levels of garlic range from 6 bulbets per sample to 50 bulbets per sample. Garlic discounts are similar for both soft white and soft red winter wheat.

Twenty-eight of the forty-two businesses consider foreign matter content before purchasing. Nine of the twenty-eight firms clean and separate the foreign matter from the wheat before weighing the load, while twelve of the twenty-eight purchasers use cash discounts. Discounts for soft white wheat range from 1¢-4.3¢/bu. for each 1% of foreign matter with most of the purchasers discounting 2¢/bu. for each 1% of foreign matter. Discounts for soft red winter wheat range from 1¢-4.4¢/bu. for each 1% of foreign matter, with the most common discount being 4.4¢/bu. for each 1% of foreign matter. Thus, if 1% of the bushel is foreign matter, then the price will be decreased by 1%.

Twenty-six firms consider whether the wheat is musty, smutty, sour, or heated and whether it contains rodent excrement or is infested with weevil. Seventeen of these twenty-six purchasers reject wheat that contain one or more of these defects. Five of these firms negotiate discounts depending on the extent of the problems and the market for this wheat at that time. The other four purchasers provide discounts for each of these defects.



Nine of the forty-two purchasers discount for shrunken, broken and burnt kernels with seven purchasers discounting for wheat that is more than 5% defective. Four of these purchasers discount according to judgement while three of these purchasers use cash discounts ranging from 1¢-3¢/bu. for each 1% of shrunken and broken kernels above 5%.

Four purchasers out of forty-two discount for loads that contain wheat of other classes. All four discount at 1¢/bu. for loads containing 5.1%-8% and 2¢/bu. for loads containing 8.1%-10% wheat of other classes.

Four purchasers out of forty-two discount for total defects over a certain amount. Total defects include damage, foreign matter, shrunken and broken grain. Three of the four purchasers use 1¢-2¢ discounts for each percent of total defects above 5%. This discount is above and beyond discounts for each individual defect.

Discounting in New York and Pennsylvania appears to be more complete for wheat than for the other grains purchased because a greater number of factors are being tested.

Table 1

Moisture Discount-Soft White Wheat\*

Number of Purchasers Discounting	Moisture Range (%)	Discount (cents/bu.)							
17	13.6-14.0	4.3¢ <sup>12/</sup>	8.8¢ <sup>2/</sup>	3.2¢	2.8¢	9.2¢			
17	14.1-14.5	4.3¢ <sup>9/</sup>	5.8¢ <sup>3/</sup>	3.2¢	6.8¢	10.0¢	8.2¢	8.6¢	
15	14.6-15.0	4.3¢ <sup>7/</sup>	4.8¢ <sup>3/</sup>	3.2¢	5.7¢	5.0¢	6.5¢	8.6¢	
14	15.1-15.5	4.3¢ <sup>6/</sup>	4.8¢ <sup>3/</sup>	3.2¢	5.8¢	4.6¢	6.5¢	4.0¢	
14	15.6-16.0	4.3¢ <sup>5/</sup>	4.8¢ <sup>3/</sup>	3.2¢	5.8¢	12.2¢	6.5¢	4.0¢	6.4¢
13	16.1-16.5	4.3¢ <sup>4/</sup>	4.8¢ <sup>2/</sup>	6.3¢	5.8¢ <sup>2/</sup>	12.2¢	6.5¢	4.0¢	4.2¢
12	16.6-17.0	4.3¢ <sup>4/</sup>	6.8¢ <sup>2/</sup>	6.3¢	5.8¢ <sup>2/</sup>	7.2¢	6.5¢	3.8¢	8.4¢
13	17.1-17.5	4.3¢ <sup>4/</sup>	6.8¢ <sup>4/</sup>	7.3¢	4.8¢	7.2¢	6.5¢	10.0¢	
10	17.6-18.0	4.3¢ <sup>4/</sup>	6.8¢ <sup>2/</sup>	7.3¢	6.7¢	7.2¢	6.5¢		
9	18.1-18.5	4.3¢ <sup>3/</sup>	6.8¢ <sup>2/</sup>	4.8¢	4.7¢	7.2¢	6.5¢		
9	18.6-19.0	4.3¢ <sup>3/</sup>	6.8¢ <sup>3/</sup>	4.8¢		7.2¢	6.5¢		
8	19.1-19.5	4.3¢ <sup>3/</sup>	6.8¢ <sup>2/</sup>	4.8¢	6.3	7.2¢			
8	19.6-20.0	4.3¢ <sup>3/</sup>	6.8¢ <sup>2/</sup>	5.8¢	2.8	7.2¢			
6	20.1-20.5	4.3¢ <sup>3/</sup>	6.8¢ <sup>2/</sup>			7.2¢			
6	20.6-21.0	4.3¢ <sup>3/</sup>	6.8¢ <sup>2/</sup>			7.2¢			
6	21.1-21.5	4.3¢ <sup>3/</sup>	6.8¢ <sup>2/</sup>			7.2¢			
6	21.6-22.0	4.3¢ <sup>3/</sup>	6.8¢ <sup>2/</sup>			7.2¢			
4	22.1-22.5	4.3¢ <sup>3/</sup>				7.2¢			
4	22.6-23.0	4.3¢ <sup>3/</sup>				7.2¢			
4	23.1-23.5	4.3¢ <sup>3/</sup>				7.2¢			
4	23.6-24.0	4.3¢ <sup>3/</sup>				7.2¢			
4	24.1-24.5	4.3¢ <sup>3/</sup>				7.2¢			
4	24.6-25.0	4.3¢ <sup>3/</sup>				7.2¢			
3	25.1-25.5	4.3¢ <sup>3/</sup>							
3	25.6-26.0	4.3¢ <sup>3/</sup>							
3	26.1-26.5	4.3¢ <sup>3/</sup>							

\* Soft white, No. 2 price at \$4.31/bu.

Table 2

## Moisture Discount-Soft Red Winter Wheat\*

Number of Purchasers Discounting	Moisture Range (%)	Discount (cents/bu.)									
1	12.6-13.0	8.8¢									
1	13.1-13.5	2.2¢									
13	13.6-14.0	4.4¢ <sup>11/</sup>	2¢					4.0¢			
17	14.1-14.5	4.4¢ <sup>10/</sup>	3¢ <sup>2/</sup>	4.5¢	2.0¢	10.0¢	4.0¢			14.4¢	
17	14.6-15.0	4.4¢ <sup>7/</sup>	3¢ <sup>3/</sup>	4.5¢	8.0¢	11.8¢	4.0¢	6.6¢ <sup>2/</sup>		14.4¢	
17	15.1-15.5	4.4¢ <sup>7/</sup>	3¢ <sup>5/</sup>	4.5¢	16.6¢	10.8¢		6.6¢ <sup>2/</sup>			
16	15.6-16.0	4.4¢ <sup>6/</sup>	3¢ <sup>4/</sup>	4.5¢	16.6¢	7.8 ¢	5.0¢	6.6¢ <sup>2/</sup>			
16	16.1-16.5	4.4¢ <sup>5/</sup>	3¢ <sup>4/</sup>	4.5¢	2.0¢	7.8 ¢	5.4¢	6.6¢ <sup>3/</sup>			
16	16.6-17.0	4.4¢ <sup>5/</sup>	3¢ <sup>3/</sup>	4.5¢	2.0¢ <sup>2/</sup>	6.3 ¢	5.4¢	6.6¢ <sup>3/</sup>			
16	17.1-17.5	4.4¢ <sup>5/</sup>	3¢ <sup>3/</sup>	4.5¢	2.0¢ <sup>2/</sup>	6.3 ¢	5.4¢	6.6¢ <sup>3/</sup>			
16	17.6-18.0	4.4¢ <sup>5/</sup>	3¢ <sup>3/</sup>	4.5¢	2.0¢ <sup>2/</sup>	5.8 ¢	5.4¢	6.6¢ <sup>3/</sup>			
14	18.1-18.5	4.4¢ <sup>4/</sup>	3¢ <sup>3/</sup>	4.5¢	2.0¢ <sup>2/</sup>	5.8 ¢	5.4¢	6.6¢ <sup>2/</sup>			
13	18.6-19.0	4.4¢ <sup>4/</sup>	3¢ <sup>2/</sup>	4.5¢	2.0¢	5.8 ¢	5.4¢	6.6¢ <sup>2/</sup>		1.0¢	
11	19.1-19.5	4.4¢ <sup>4/</sup>	3¢ <sup>2/</sup>	4.5¢	2.0¢	5.8 ¢	5.4¢			1.0¢	
11	19.6-20.0	4.4¢ <sup>4/</sup>	3¢ <sup>2/</sup>	4.5¢	2.0¢ <sup>2/</sup>	6.8 ¢	5.4¢				
9	20.1-20.5	4.4¢ <sup>4/</sup>	3¢ <sup>2/</sup>	4.5¢	2.0¢ <sup>2/</sup>	6.8 ¢					
8	20.6-21.0	4.4¢ <sup>4/</sup>	3¢ <sup>2/</sup>	4.5¢	2.0¢	4.8 ¢					
8	21.1-21.5	4.4¢ <sup>4/</sup>	3¢	4.5¢	7.0¢	4.8 ¢					
8	21.6-22.0	4.4¢ <sup>4/</sup>	3¢	4.5¢	7.0¢	4.8 ¢					
8	22.1-22.5	4.4¢ <sup>4/</sup>	3¢	4.5¢	5.0¢	4.8 ¢					
8	22.6-23.0	4.4¢ <sup>4/</sup>	3¢	4.5¢	5.0¢	4.8 ¢					
8	23.1-23.5	4.4¢ <sup>4/</sup>	3¢	4.5¢	5.0¢	4.8 ¢					
8	23.6-24.0	4.4¢ <sup>4/</sup>	3¢	4.5¢	5.0¢	4.8 ¢					
7	24.1-24.5	4.4¢ <sup>4/</sup>	3¢	4.5¢		4.8 ¢					
7	24.6-25.0	4.4¢ <sup>4/</sup>	3¢	4.5¢		4.8 ¢					
7	25.1-25.5	4.4¢ <sup>4/</sup>	3¢	4.5¢		4.8 ¢					

\* soft red winter, No. 2 Price at \$4.39/bu.



Table 2 (Continued)

Moisture Discount-Soft Red Winter Wheat

Number of Purchasers Discounting	Moisture Range (%)			Discount (cents/bu.)		
7	15.6-26.0	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	26.1-26.5	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	26.6-27.0	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	27.6-28.0	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	28.1-28.5	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	28.6-29.0	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	29.1-29.5	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	29.6-30.0	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	30.1-30.5	4.4¢ $\frac{4}{100}$ /	3¢	4.8¢	4.5¢	
7	30.6-31.0	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	31.1-31.5	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	31.6-32.0	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	32.1-32.5	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	32.6-33.0	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	33.1-33.5	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	33.6-34.0	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	34.1-34.5	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	34.6-35.0	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	35.1-35.5	4.4¢ $\frac{4}{100}$ /	3¢	13.2¢	4.5¢	
7	35.6-36.0	4.4¢ $\frac{4}{100}$ /	3¢		4.5¢	
6	36.1-36.5	4.4¢ $\frac{4}{100}$ /	3¢		4.5¢	
6	36.5-36.0	4.4¢ $\frac{4}{100}$ /	3¢		4.5¢	
6	36.1-36.5	4.4¢ $\frac{4}{100}$ /	3¢		4.5¢	
6	36.6-37.0	4.4¢ $\frac{4}{100}$ /	3¢		4.5¢	

Table 3

Test Weight Discount-Soft White Wheat\*

Number of Purchasers Discounting	Test Weight Range (lbs.)	Discounts/Premiums (+) (cents/bu.)			
0	65.0-64.1				
0	64.0-63.1				
0	63.0-62.1				
0	62.0-61.1				
5	61.0-60.1	+1¢ <sup>5/</sup>			
0	60.0-59.1				
0	59.0-58.1				
	58				
12	57.9-57.0	1¢ <sup>10/</sup>			1.5¢ <sup>2/</sup>
14	56.9-56.0	1¢ <sup>10/</sup>	2¢	3¢	1.5¢ <sup>2/</sup>
13	55.9-55.0	2¢ <sup>13/</sup>			
13	54.9-54.0	2¢ <sup>10/</sup>	5¢ <sup>3/</sup>		
5	53.9-53.0	2¢ <sup>4/</sup>	3¢		
4	52.9-52.0	2¢ <sup>2/</sup>	3¢ <sup>2/</sup>		
3	51.9-51.0	2¢ <sup>2/</sup>	3¢		
2	50.9-50.0	2¢	4¢		
1	49.9-49.0		4¢		
1	49.9-48.0		4¢		
0	47.9-47.0				

\* Soft White, No. 2, Price at \$4.31/bu.

Table 4

Test Weight Discount-Soft Red Winter Wheat\*

Number of Purchasers Discounting	Test Weight Range (lbs.)	Discounts/Premiums (+) (cents/bu.)					
3	65.0-64.1	+1¢		+1.1¢	+2¢		
4	64.0-63.1	+1¢ <sup>2/</sup>		+1.1¢	+2¢		
4	63.0-62.1	+1¢ <sup>2/</sup>		+1.1¢	+2¢		
4	62.0-61.1	+1¢ <sup>2/</sup>		+1.1¢	+2¢		
4	61.0-60.1	+1¢	+3¢	+1.1¢	+2¢		
1	60.0-59.1	+1¢					
1	59.0-58.1	+1¢					
	58.0						
17	57.9-57.0	1¢ <sup>8/</sup>	2¢ <sup>3/</sup>	2.2¢	4.4¢ <sup>2/</sup>	1.5¢	3¢ <sup>2/</sup>
16	56.9-56.0	1¢ <sup>9/</sup>	2¢ <sup>2/</sup>		4.4¢ <sup>2/</sup>	1.5¢	3¢ <sup>2/</sup>
15	55.9-55.0	1¢	2¢ <sup>8/</sup>	8.8¢ <sup>2/</sup>	13.0¢	4.0¢	3¢ <sup>2/</sup>
14	54.9-54.0		2¢ <sup>7/</sup>	8.8¢	17.6¢	17.0¢	5¢ <sup>2/</sup> 3¢ <sup>2/</sup>
6	53.9-53.0		2¢ <sup>4/</sup>				3¢ <sup>2/</sup>
5	52.9-52.0		2¢ <sup>3/</sup>				3¢ <sup>2/</sup>
3	51.9-51.0		2¢ <sup>2/</sup>				
3	50.9-50.0		2¢ <sup>2/</sup>	5.0¢			
2	49.9-49.0		2¢ <sup>2/</sup>	5.0¢			

\*Soft Red Winter, No. 2, Price at \$4.39/bu.



Table 5

Foreign Matter Discount-Soft White Wheat\*

Number of Purchasers Discounting	Percent of Foreign Matter	Discount (cents/bu.)		
2	.1-1%	2¢	4.3¢	
8	1.1-2.0	2¢ <sup>7/</sup>	4.3¢	
8	2.1-3.0	2¢ <sup>7/</sup>	4.3¢	
8	3.1-4.0	2¢ <sup>7/</sup>	4.3¢	
9	4.1-5.0%	2¢ <sup>7/</sup>	4.3¢	1¢
3	5.1-6.0%	2¢	4.3¢	1¢
3	6.1-7.0%	2¢	4.3¢	1¢
3	7.1-8.0%	2¢	4.3¢	1¢
3	8.1-9.0%	2¢	4.3¢	1¢

Table 6

Foreign Matter Discount-Soft Red Winter Wheat\*

Number of Purchasers Discounting	Percent of Foreign Matter		Discount (cents/bu.)		
9	.1-1.0%	4.4¢ <sup>8/</sup>	2¢	4¢	
12	1.1-2.0%	4.4¢ <sup>8/</sup>	2¢ <sup>3/</sup>	4¢	
12	2.1-3.0%	4.4¢ <sup>8/</sup>	2¢ <sup>3/</sup>	4¢	
13	3.1-4.0%	4.4¢ <sup>9/</sup>	2¢ <sup>3/</sup>	4¢	
14	4.1-5.0%	4.4¢ <sup>9/</sup>	2¢ <sup>3/</sup>	4¢	1¢
12	5.1-6.0%	4.4¢ <sup>9/</sup>	2¢	4¢	1¢
12	6.1-7.0%	4.4¢ <sup>9/</sup>	2¢	4¢	1¢
11	7.1-8.0%	4.4¢ <sup>8/</sup>	2¢	4¢	1¢
11	8.1-9.0%	4.4¢ <sup>8/</sup>	2¢	4¢	1¢

\* Soft Red Winter, No. 2, Price at \$4.39/bu.

Table 7

Damage Discount-Soft White Wheat\*

Number of Purchased Discounting	Range of Percent of Damage	Discount (cents/bu.)		
0	3.1-4.0%			
11	4.1-5.0%	1¢ <sup>10/</sup>	1/2¢	
11	5.1-6.0%	1¢ <sup>10/</sup>	1/2¢	
11	6.1-7.0%	1¢ <sup>10/</sup>	1/2¢	
9	7.1-8.0%	1¢	1/2¢	2¢ <sup>7/</sup>
9	8.1-9.0%	1¢	1/2¢	2¢ <sup>7/</sup>
9	9.1-10.0%	1¢	1/2¢	2¢ <sup>7/</sup>
3	10.1-11.0%	1¢	1/2¢	3¢
3	11.1-12.0%	1¢	1/2¢	3¢
3	12.1-13.0%	1¢	1/2¢	3¢
3	13.1-14.0%	1¢	1/2¢	3¢
1	14.1-15.0%	1¢		
1	15.1-16.0%	1¢		

\* Soft White, No. 2 Price at \$4.31/bu.



Table 8

Damage Discount-Soft Red Winter Wheat\*

Number of Purchasers Discounting	Range of Percent of Damage	Discount (cents/bu.)	
0	3.1-4.0%		
7	4.1-5.0%	1¢ <sup>6/</sup>	2¢
7	5.1-6.0%	1¢ <sup>6/</sup>	2¢
7	6.1-7.0%	1¢ <sup>2/</sup>	2¢ <sup>3/</sup>
5	7.1-8.0%	1¢ <sup>2/</sup>	2¢ <sup>3/</sup>
5	8.1-9.0%	1¢ <sup>2/</sup>	2¢ <sup>3/</sup>
5	9.1-10.0%	1¢ <sup>2/</sup>	2¢
3	10.1-11.0%	1¢ <sup>2/</sup>	2¢
3	11.1-12.0%	1¢ <sup>2/</sup>	2¢
3	12.1-13.0%	1¢ <sup>2/</sup>	2¢
3	13.1-14.0%	1¢ <sup>2/</sup>	2¢
3	14.1-15.0%	1¢ <sup>2/</sup>	2¢
3	15.1-16.0%	1¢ <sup>2/</sup>	2¢

\* Soft Red Winter, No. 2 price at \$4.39/bu.

Table 9

Garlic Discount-Soft White Wheat\*

Number of Purchasers Discounting	Range for Number of Garlic Bulbets (number per bu.)	Discount (cents/bu.)			
1	2- 6	15¢			light garlic
6	7-15	15¢ <sup>3/</sup>	10¢ <sup>2/</sup>	25¢	heavy garlic extra heavy garlic
3	16-25	15¢ <sup>2/</sup>	5¢		
2	26-35	15¢	10¢		
1	36-50	15¢			

\* Soft White, No. 2 price at \$4.31/bu.

Table 10

Garlic Discount-Soft Red Winter Wheat\*

Number of Purchasers Discounting	Range for Number Garlic Bulbets (Number per bu.)	Discount (cents/bu.)			
4	2- 6	5¢ <sup>2/</sup>	10¢	20¢	light garlic
8	7-15	10¢ <sup>4/</sup>	15¢ <sup>3/</sup>	22¢	heavy garlic extra heavy garlic
4	16-25	5¢ <sup>2/</sup>	15¢	30¢	
2	26-35	10¢	15¢		
1	36-50	15¢			

\* Soft Red Winter, No. 2 price at \$4.39/bu.

## CORN

Twenty-seven of the forty-three purchasers of corn surveyed use discount schedules to determine the purchase price. Twenty-three of these twenty-seven purchasers supplied their discount schedules to this study.

The corn purchased by these twenty-three firms generally is used for feed products: twelve businesses produce dairy feed, thirteen produce poultry feed, and eleven produce hog feed, although ten of these sixteen feed manufacturers noted that dairy feed was their most important product. The other seven businesses consist of one merchandizer, one distributor, three country elevators, one corn syrup and corn meal manufacturer, and one corn starch and corn sweetener manufacturer. (The purchasers not using discount schedules are all feed producers. They do not use discount schedules because they either set rigid specifications on the quality of corn accepted or receive their orders from middlemen who would send the quality of corn requested.)

Twenty-one of these twenty-three purchasers discount for moisture content in the corn while the other two receive the corn already dry from the middlemen. Nine of these twenty-one firms have both a drying and shrinkage charge placed on high moisture corn. Discounts begin at moisture levels between 13.5%-15.5% with initial shrinkage discounts ranging from 1%-4.2% for each 1/2% of moisture. The most common shrinkage discounts are 1.3% for each 1/2% of moisture, used by six firms; 1.1% for each 1/2% of moisture and 1% for each 1/2% of moisture each used by three purchasers. These shrinkages with drying charges translate to a cash discount range of 1.5¢-4.6¢/bu. per 1/2% of moisture.

At high moisture contents of 25%-30% the range of shrinkage increases to .3%-3% for each 1/2% moisture. These shrinkages with drying charges translate to a cash discount range of 1.5¢-16.2¢/bu. per 1/2% of moisture. Above thirty percent moisture content this range increases again to 1.5¢-9.2¢ per 1/2% moisture.

Ten firms discount for test weight. Nine of the ten firms start their discounts at test weight below 54 lbs; the other purchaser, a chicken feed producer, starts his discounts at test weight below 50 lbs. Four of the businesses discount 1/2¢/bu. for each pound below 54 lbs. Two purchasers discount 1¢/bu. for each pound under 54 lbs. and two other firms discount 1/2¢/bu. for each pound below 54 lbs. which increases to a 1¢/bu. discount for each pound under 52 lbs. One firm has a shrinkage discount of 1% for each pound below 54 lbs. while another firm negotiates a discount below 50 lbs. test weight.

Twelve purchasers discount for foreign matter that is found in the loads of corn. Five of these purchasers separate the foreign matter before weighing the corn while six purchasers discount at foreign matter levels above three percent. These discounts range from 1/2¢-10¢/bu. with all but one of these discounts ranging from 1/2¢-1¢/bu. for each percent or fraction of foreign matter above three percent.

Six purchasers discount for damaged corn. The discounts range from 1/2¢-10¢/bu. for damaged loads above 5% with all but one of these firms fitting in a discount range of 1/2¢-3¢/bu. The most common discount is that of 1/2¢/bu. for each 1% or fraction above 5%.

Seven purchasers consider heating, sour, and musty corn when determining the purchase price. Three purchasers reject corn containing these defects while three purchasers discount between 2¢ and 5¢ for each of these defects.

Eight purchasers consider weevil and insects that may be found in a load of corn and all eight of these firms reject these defective loads outright.

Table 11

Moisture Discount-Corn\*

Number of Purchasers Discounting	Moisture Range (%)	Discounts (cents/bu.)									
1	13.6-14.0	1.5¢									
5	14.1-14.5	1.5¢ <sup>2/</sup>	9.0¢	10.0¢	12.8¢						
5	14.6-15.0	1.5¢	9.0¢	10.0¢	12.8¢	4.6¢					
6	15.1-15.5	1.5¢	3.0¢	3.4¢	4.6¢	7.5¢	10.5¢				
15	15.6-16.0	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	12.5¢	12.8¢	4.4¢	7.5¢	4.6¢	3.4¢	10.5¢	
17	16.1-16.5	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>4/</sup>	16.2¢	4.6¢	3.4¢		
17	16.6-17.0	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>4/</sup>	16.2¢	4.6¢	3.4¢		
17	17.1-17.5	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>		4.6¢	3.4¢		
17	17.6-18.0	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>		4.6¢	3.4¢		
17	18.1-18.5	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>		4.6¢	3.4¢		
17	18.6-19.0	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>		4.6¢	3.4¢		
16	19.1-19.5	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
16	19.6-20.0	1.5¢ <sup>4/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	20.1-20.5	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	20.6-21.0	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	21.1-21.5	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	21.6-22.0	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	22.1-22.5	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	22.6-23.0	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	23.1-23.5	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
15	23.6-24.0	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>5/</sup>			3.4¢		
14	24.1-24.5	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>4/</sup>			3.4¢		
14	24.6-25.0	1.5¢ <sup>3/</sup>	3.0¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>4/</sup>			3.4¢		
15	25.1-25.5	1.5¢ <sup>3/</sup>	2.3¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>2/</sup>	3.0¢ <sup>5/</sup>	3.1	3.4¢		
15	25.6-26.0	1.5¢ <sup>3/</sup>	2.3¢ <sup>4/</sup>	3.5¢	2.8¢	2.5¢ <sup>2/</sup>	3.0¢ <sup>5/</sup>	3.1	3.4¢		

\* Yellow Corn, No. 2 Price at \$3.05/bu.



## Moisture Discount-Corn (continued)

Number of Purchasers Discounting	Moisture Range (%)	Discount (cents/bu.)									
16	26.1-26.5	1.5¢ <sup>3/</sup>	3¢ <sup>5/</sup>	2.5¢ <sup>2/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
16	26.6-27.0	1.5¢ <sup>3/</sup>	3¢ <sup>5/</sup>	2.5¢ <sup>2/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
16	27.1-27.5	1.5¢ <sup>3/</sup>	3¢ <sup>5/</sup>	2.5¢ <sup>2/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
15	27.6-28.0	1.5¢ <sup>3/</sup>	3¢ <sup>4/</sup>	2.5¢ <sup>2/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
16	28.1-28.5	1.5¢ <sup>3/</sup>	3¢ <sup>4/</sup>	2.5¢ <sup>3/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
16	28.6-29.0	1.5¢ <sup>3/</sup>	3¢ <sup>4/</sup>	2.5¢ <sup>3/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
16	29.1-29.5	1.5¢ <sup>3/</sup>	3¢ <sup>4/</sup>	2.5¢ <sup>3/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
16	29.6-30.0	1.5¢ <sup>3/</sup>	3¢ <sup>4/</sup>	2.5¢ <sup>3/</sup>	3.5¢	2.6¢	3.1¢	3.4¢	2.8¢	2.3¢	
16	30.1-30.5	1.5¢ <sup>3/</sup>	3¢ <sup>4/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	2.6¢	3.1¢	9.2¢	2.8¢	2.3¢	
15	30.6-31.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	2.6¢	3.1¢	9.2¢	2.8¢	2.3¢	
15	31.1-31.5	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	2.6¢	3.4¢	9.2¢	2.8¢	2.3¢	
15	31.6-32.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	2.6¢	3.4¢	9.2¢	2.8¢	2.3¢	
15	32.1-32.5	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.4¢	9.2¢	2.8¢	2.3¢	
15	32.6-33.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.4¢	9.2¢	2.8¢	2.3¢	
15	33.1-33.5	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.4¢	9.2¢	2.8¢	2.3¢	
15	33.6-34.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.4¢	9.2¢	2.8¢	2.3¢	
13	34.1-34.5	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.9¢	9.2¢			
12	34.6-35.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢		9.2¢			
12	35.1-35.5	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢		2.2¢			
12	35.6-36.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢		2.2¢			
12	36.1-36.5	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.9¢				
12	36.6-37.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.9¢				
12	37.1-37.5	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.9¢				
12	37.6-38.0	1.5¢ <sup>3/</sup>	3¢ <sup>3/</sup>	2.5¢ <sup>2/</sup>	3.5¢ <sup>2/</sup>	4.7¢	3.9¢				
10	38.1-38.5	1.5¢ <sup>3/</sup>	3¢ <sup>2/</sup>	2.5¢	3.5¢ <sup>2/</sup>	4.7¢	3.9¢				
10	38.6-39.0	1.5¢ <sup>3/</sup>	3¢ <sup>2/</sup>	2.5¢	3.5¢ <sup>2/</sup>	4.7¢	3.9¢				
10	39.1-39.5	1.5¢ <sup>3/</sup>	3¢ <sup>2/</sup>	2.5¢	3.5¢ <sup>2/</sup>	4.7¢	3.9¢				

Table 12

Test Weight Discount-Corn\*

Number of Purchasers Discounting	Test Weight Range (lbs.)	Discounts (for each Test Weight Pound in cents/bu.)		
0	above 53.9			
9	53.9-52.0	$1/2\text{¢}^{6/}$	$1\text{¢}^{2/}$	3¢
9	51.9-50.0	$1/2\text{¢}^{4/}$	$1\text{¢}^{4/}$	3¢
8	49.9-40.0	$1/2\text{¢}^{4/}$	$1\text{¢}^{3/}$	3¢
7	39.9-24.0	$1/2\text{¢}^{3/}$	$1\text{¢}^{3/}$	3¢
6	below 24.0	$1/2\text{¢}^{2/}$	$1\text{¢}^{3/}$	3¢

\* Yellow Corn, No. 2 Price at \$3.05/bu.

Table 13

Foreign Matter Discount-Corn\*

Number of Purchasers Discounting	Range of Percent of Foreign Matter	Discount (for each 1% of foreign matter in cents/bu.)		
0	.1-3.0%			
6	3.1-5.0%	$1\frac{1}{2}\text{¢}^{\frac{3}{}}$	1¢	$3\text{¢}^{\frac{2}{}}$
6	5.1-7.0%	2¢, $1\frac{1}{2}\text{¢}^{\frac{3}{}}$	1¢	3¢
4	above 7.0%	2¢, $1\frac{1}{2}\text{¢}^{\frac{2}{}}$	1¢	

\* Yellow Corn, No. 2, Price at \$3.05/bu.

Table 14

Damage Discount-Corn\*

Number of Purchasers Discounting	Range of Percent of Damage	Discount (for each 1% of Damage in cents/bu.)		
1	.1%-5%		1¢	
4	5.1%-7%	$1\frac{1}{2}\text{¢}^{\frac{2}{}}$	$1\text{¢}^{\frac{2}{}}$	
4	7.1%-8%	$1\frac{1}{2}\text{¢}$	$1\text{¢}^{\frac{3}{}}$	
4	8.1%-10%	$1\frac{1}{2}\text{¢}$	$1\text{¢}^{\frac{2}{}}$	2¢
4	10.1%-15%	$1\frac{1}{2}\text{¢}$	$1\text{¢}^{\frac{2}{}}$	3¢
2	above 15.0%	$1\frac{1}{2}\text{¢}$	1¢	

\* Yellow Corn, No. 2 price at \$3.05/bu.

## OATS

There were thirty-six purchasers of oats surveyed. Twenty-two of these purchasers use discount schedules. Twenty of these firms provided discount schedules along with other information. Of these twenty firms, fifteen used the oats for manufacturing dairy feeds while the rest of the firms manufactured other animal feeds such as hog, horse, or poultry feed. There was also one merchandizer and one country elevator purchasing oats.

Twenty of the purchasers using discount schedules discount for high moisture content. These discounts begin in the range of 11%-16% moisture. Nine purchasers discount by using shrinkage. The shrinks range from .5%-1.5% for each 1/2% of moisture. In cash terms, the initial discount for many firms is the highest discount. The initial discounts for most of the firms occur at moisture levels of 14.1%-15.0%. Here, the range of discounts is between .8¢-11.7¢ for each 1/2% of moisture. Above this initial level the discounts generally drop to a range of .8¢-3.5¢. Upper limits for moisture range from 18%-34%; the most common upper limit is at 18%-22% moisture.

Ten purchasers check the test weight of the oats before purchasing with eight of the purchasers using discount schedules. Seven of these eight purchasers use cash discounts that range from 1/2¢-5¢/bu. for each pound under the desired level. The starting points for discount schedules are between 36 lbs. and 32 lbs. with five of the eight purchasers starting their discounts below 36 lbs. Lower limits range from 32 lbs-28 lbs. with four purchasers placing their lower limit at 32 lbs. and two purchasers not specifying any lower limit.

Eleven of the twenty purchasers discount for oats containing foreign matter. Eight of the eleven firms separate foreign matter before weighing the oats while the other three provide shrinkage discounts. In all three cases the shrink is one percent for each one percent of foreign matter, essentially the same discount as would occur from separating the foreign matter before weighing.

Three purchasers also look for weathered oats. Two of the three firms provide cash discounts ranging from 5¢-10¢/bu. for average weathering and 10¢-20¢/bu. for badly weathered oats. Judgement is used to decide whether the oats are weathered or badly weathered. The third firm rejects more than 6% weathered oats in a load.

Table 15  
Moisture Discount-Oats\*

Number of Purchasers Discounting	Moisture Range (%)	Discount (cents/bu.)									
2	11.1-11.5	.8¢ <sup>2/</sup>									
2	11.6-12.0	.8¢ <sup>2/</sup>									
3	12.1-12.5	.8¢ <sup>3/</sup>									
3	12.6-13.0	.8¢ <sup>3/</sup>									
3	13.1-13.5	.8¢ <sup>3/</sup>									
4	13.6-14.0	.8¢ <sup>4/</sup>									
12	14.1-14.5	.8¢ <sup>5/</sup>	1¢ <sup>2/</sup>	1.5¢ <sup>2/</sup>	4.1¢	5.7¢	6.1¢	7.6¢	11.7¢		
14	14.6-15.0	.8¢ <sup>4/</sup>	1¢ <sup>2/</sup>	1.5¢ <sup>2/</sup>	1.6¢ <sup>2/</sup>	1.7¢	2.3¢	2.5¢	6.1¢		
13	15.1-15.5	.8¢ <sup>4/</sup>	1¢ <sup>2/</sup>	1.5¢ <sup>2/</sup>	1.6¢ <sup>2/</sup>	1.7¢		2.5¢	2.6¢		
14	15.6-16.0	.8¢ <sup>4/</sup>	1¢ <sup>2/</sup>	1.5¢ <sup>2/</sup>	1.6¢ <sup>2/</sup>	1.7¢		2.5¢	2.6¢	3.2¢	
14	16.1-16.5	.8¢ <sup>3/</sup>	1¢ <sup>2/</sup>	1.5¢	1.6¢ <sup>2/</sup>	1.7¢	2.0¢	2.5¢	2.6¢	3.2¢	3.5¢
14	16.6-17.0	.8¢ <sup>3/</sup>	1¢ <sup>2/</sup>	1.5¢	1.6¢ <sup>2/</sup>	1.7¢	2.0¢	2.5¢	2.6¢	3.2¢	3.5¢
13	17.1-17.5	.8¢ <sup>3/</sup>	1¢ <sup>2/</sup>	1.5¢	1.6¢ <sup>2/</sup>	1.7¢	2.0¢	2.5¢	2.6¢		3.5¢
13	17.6-18.0	.8¢ <sup>3/</sup>	1¢ <sup>2/</sup>	1.5¢	1.6¢ <sup>2/</sup>	1.7¢	2.0¢	2.5¢	2.6¢		3.5¢
10	18.1-18.5	.8¢ <sup>2/</sup>	1¢ <sup>2/</sup>		1.6¢ <sup>2/</sup>	1.7¢		2.5¢	2.6¢		3.5¢
10	18.6-19.0	.8¢ <sup>2/</sup>	1¢ <sup>2/</sup>		1.6¢ <sup>2/</sup>	1.7¢		2.5¢	2.6¢		3.5¢
9	19.1-19.5	.8¢ <sup>2/</sup>	1¢ <sup>2/</sup>		1.6¢	1.7¢	20¢		2.6¢		3.5¢
9	19.6-20.0	.8¢ <sup>2/</sup>	1¢ <sup>2/</sup>		1.6¢	1.7¢	20¢		2.6¢		3.5¢
8	20.1-20.5	.8¢	1¢ <sup>2/</sup>		1.6¢	1.7¢	22¢		2.6¢		3.5¢
8	20.6-21.0	.8¢	1¢ <sup>2/</sup>		1.6¢	1.7¢	22¢		2.6¢		3.5¢
7	21.1-21.5	.8¢	1¢ <sup>2/</sup>		1.6¢	1.7¢			2.6¢		3.5¢
7	21.6-22.0	.8¢	1¢ <sup>2/</sup>		1.6¢	1.7¢			2.6¢		3.5¢
6	22.1-22.5	.8¢	1¢ <sup>2/</sup>		1.6¢	1.7¢					3.5¢
6	22.6-23.0	.8¢	1¢ <sup>2/</sup>		1.6¢	1.7¢					3.5¢
6	23.1-23.5	.8¢	1¢ <sup>2/</sup>		1.6¢	1.7¢					3.5¢

\* No. 2 Oats Price at \$1.69/bu.

Table 16

Test Weight Discount - Oats\*

Number of Purchasers Discounting	Test Weight Range (lbs.)	Discount (cents/bu.)			
6	35.9-35.0	$1/2\text{¢}^{2/}$	$1\text{¢}^{2/}$	2¢	5¢
6	34.9-34.0	$1/2\text{¢}^{2/}$	$1\text{¢}^{2/}$	2¢	5¢
7	33.9-33.0	$1/2\text{¢}^{2/}$	$1\text{¢}^{3/}$	2¢	5¢
7	32.9-32.0	$1/2\text{¢}^{2/}$	$1\text{¢}^{3/}$	2¢	5¢
5	31.9-31.0	$1/2\text{¢}$	$1\text{¢}^{3/}$	1.7¢	
4	30.9-30.0	$1/2\text{¢}$	$1\text{¢}^{3/}$		
4	29.9-29.0	$1/2\text{¢}$	$1\text{¢}^{3/}$		
4	28.9-28.0	$1/2\text{¢}$	$1\text{¢}^{3/}$		
2	27.9-27.0	$1/2\text{¢}$	$1\text{¢}$		

\* No. 2 Oats Price at \$1.69/bu.

## BARLEY

Of the fourteen barley purchasers surveyed in New York and Pennsylvania, nine use discount schedules. Seven of these nine purchasers provided discount schedules for this research. Barley purchases constitute only a small part (less than 20%) of the total grain purchases by these seven businesses.

Each of the discount schedules provided by the seven purchasers contains discounts for excess moisture content in the barley. Discounts begin between 13.5% and 14.5% moisture with discounts ranging from 1¢-3.9¢/bu. for each 1/2% moisture. These discounts are levied in the form of cash, weight shrinkage, and shrinkage plus drying charges. Two purchasers provide initially high discounts of 10.8¢ and 6.6¢/bu. for each 1/2% moisture cover fixed costs of drying. One purchaser also places a charge of 7.7¢ for each 1/2% of moisture above 30%. This is probably done to discourage farmers from bringing in barley that contains too high a level of moisture.

Test weight is also checked by four of the seven barley purchasers. Discounts of either 1¢/bu. or 1% shrink by weight are levied on each pound below the desired test weight. Discounts start within the range of 44.9-41.9 lbs.

Seven purchasers discount for foreign matter that is mixed with the barley. Deductions of 1% by weight for each percent of foreign matter are levied for levels of foreign matter above 3%. Finally, one purchaser discounts for weathered barley and uses judgement when placing discounts.



Table 17

Moisture Discount-Barley\*

Number of Purchasers Discounting	Moisture Range (%)	Discount (cents/bu.)					
1	13.6-14.0					2.6¢	
5	14.1-14.5	1¢	1.5¢		10.8¢	2.6¢	2.7¢
6	14.6-15.0	1¢	1.5¢	6.6¢	10.8¢	3.9¢	2.7¢
5	15.1-15.5	1¢	2.8¢	3.1¢		3.9¢	2.7¢
5	15.6-16.0	1¢	2.8¢	3.1¢		3.9¢	2.7¢
5	16.1-16.5	1¢	2.8¢	3.1¢		3.9¢	2.7¢
5	16.6-17.0	1¢	2.8¢	3.1¢		3.9¢	2.7¢
5	17.1-17.5	1¢	2.8¢	3.1¢		3.9¢	2.7¢
5	17.6-18.0	1¢	2.8¢	4.1¢		3.9¢	2.7¢
5	18.1-18.5	1¢	2.8¢	5.6¢		3.9¢	2.7¢
5	18.6-19.0	1¢	2.8¢	5.6¢		3.9¢	2.7¢
4	19.1-20.0	1¢	2.8¢	5.6¢			2.7¢
4	20.1-20.5	1¢	2.8¢	5.6¢			2.7¢
4	20.6-20.5	1¢	2.8¢	5.6¢			2.7¢
4	20.6-21.0	1¢	2.8¢	5.6¢			2.7¢
3	21.1-30.0	1¢	2.8¢				2.7¢
3	30.1-up	1¢	7.7¢				2.7¢

\* No. 2 Barley Price at \$2.57/bu.

## BUCKWHEAT

Each of the five purchasers of buckwheat provided discount schedules. Two of these firms consider buckwheat the most important grain that they purchase, one rates it of secondary importance, and the other two firms purchase the grain only in small amounts.

Each of these firms discount for moisture content beginning at levels ranging from 13%-16%. Two of these purchasers start discounting at moisture levels above 13% and apply a shrinkage and a drying charge for each 1/2% of moisture. The other three purchasers, begin discounting at moisture levels above 16% and use the buckwheat for manufacturing products such as buck-wheat flour and buckwheat groats. These three mills discount for shrink at 1% of weight for each 1/2% of moisture. One mill provides an added drying charge.

Three of the five buckwheat purchasers test for the presence of foreign matter. Two of these three firms separate the foreign matter before weighing the grain while the other uses judgement in determining the discount.

Two firms consider damaged, insect infested, garlicky, sprouting, musty, and ragweed-containing buckwheat. One firm uses judgement in discounting while the other automatically rejects it.

One firm rejects buckwheat with a test weight below 46 pounds. Finally, one firm rejects buckwheat that contains kale.

## SUMMARY

### Wheat

The discount schedules used by the forty-two firms that purchase wheat show discounts for a combination of quality factors, including moisture, testweight, garlicky wheat, foreign matter and defective wheat. Eight of these schedules discount only for moisture and test weight, the most common of all combinations. Seven firms discount only for moisture while another seven purchasers discount for moisture, test weight, damage, foreign matter, and shrunken and broken kernels. The discount schedules of the other twenty purchasers are distributed among eight other combinations of relevant discount factors.

Of the four firms that do not discount, three of these firms either accept or reject the loads at grade No. 2 basis on the Chicago market. The remaining firm purchases wheat from a broker according to grade No. 2 basis on the Chicago market.

### Corn

Of the twenty-three purchasers that use discount schedules, twelve purchasers discount only for moisture. The remaining eleven purchasers discount for a combination of quality factors, including moisture, test weight, foreign material and damage.

Of the sixteen corn purchasers that do not use discount schedules, ten of these purchasers buy corn from middlemen based on grade No. 2 prices on the Chicago market. These middle men include brokers, other mills, and distributors. Five of the remaining corn purchasers either accept or reject the corn at grade No. 2 prices on the Chicago market.

### Oats

Of the twenty purchasers of oats that use discount schedules, eight discount only for moisture content. Another six firms discount for moisture, test weight, and foreign material. Of the remaining purchasers, four discount for moisture and test weight, while two discount for moisture, test weight and weathering.

Of the fourteen firms that do not discount for their oats purchases, eleven firms purchase from middle men on grade No. 2 basis. These middlemen include brokers, distributors, and other mills. The other three firms either accept or reject the oats on a grade No. 2 basis.

### Barley

Of the nine purchasers using discount schedules, seven provided the schedules for this study. Of these seven respondents, four discount for both moisture content and test weight while the other three discount only for moisture content.

Of the five purchasers of barley that do not use a discount schedule, three firms either accept or reject the shipment. One firm negotiates his barley purchases according to the grade 3 matting barley basis, another sets his price according to Minneapolis market prices.